

Meeting the EBA's Guidelines on environmental scenario analysis - and turning the 2027 deadline into a decision tool

*Based on:
EBA guidelines on environmental scenario analysis*

*Grant Thornton Financial Services
September 2026*

For the first time, scenario analysis is not an expectation - it is a rule with a date

The ECB's good practices show what good looks like; the EBA's Guidelines make it a requirement. Issued under CRD VI and reaching into Pillar 1 for IRB banks, they apply from 1 January 2027 - with supervisors expecting proactive build-up before that.

1 Jan 2027

the Guidelines apply - with competent authorities notifying compliance by 16 March 2026.

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complementary tools required: a stress test for capital & liquidity, and a resilience analysis for the business model.

≥10 years

the horizon over which the business model must be projected - under a reference and alternative scenarios.

● Comply or explain

Art. 16 EBA Regulation - institutions must make every effort to comply

● Anchored in CRD VI

Art. 87a(3) & (5)(d) - the resilience-testing mandate

● Reaches Pillar 1

IRB credit-risk stress tests must include climate drivers - Art. 177(2a) CRR

● Builds on the ESG GLs

the management Guidelines already apply since 11 Jan 2026

Not one exercise but two: a stress test for the balance sheet, a resilience analysis for the strategy

The Guidelines are built around one distinction - testing financial resilience to a short-term shock versus testing whether the business model survives the long term.



Stress test

short term

Environmental factors inside the existing stress-testing framework: baseline plus severe-but-plausible adverse scenarios, compound risks examined in depth, results feeding capital and liquidity adequacy in ICAAP & ILAAP.



Resilience analysis

≥10 years

A reference scenario - the institution's own most likely future - plus distinct alternatives; risk-adjusted profitability projected per activity over at least ten years; strategy and transition plan adjusted where they fail the test.

The stress test asks whether you survive the storm; the resilience analysis asks whether you should still be sailing this route.

Before either tool



Transmission channels

identify how environmental drivers reach your exposures - micro and macro, value chain included.



Scenario setting

credible sources (NGFS, IEA, JRC, IPCC) - customised to the portfolio and internally consistent.



Data & capabilities

collection systems fit for purpose; skills gaps addressed; expert judgement where data ends.

Who must do what: proportionality has tiers - but no one is exempt

Depth follows the materiality of your environmental risks, not just your size - and the EBA is explicit that smaller institutions are not immune. What differs by tier is the permitted sophistication.



Large institutions

- Full quantitative stress testing of environmental factors.
- Resilience analysis may start simplified (sensitivity) - but must progress to quantitative.
- Non-climate environmental risks: sensitivity analysis as the first step.

Full quantitative



Other institutions

- Sensitivity analysis permitted for short-term financial resilience.
- Predominantly qualitative approach for the long-term resilience analysis.
- Expected to enhance approaches gradually and continuously.

Simplified



Small & non-complex

- Predominantly qualitative approach for both short- and long-term analysis.
- Depth still commensurate with materiality - concentrated exposures demand thorough analysis.
- Materiality assessment per the ESG management GLs drives coverage.

Qualitative

The tier decides the tools you may use - the materiality of your risks decides how deep you must go.

Outlook: the window between final text and full application is the preparation window

The scenario-analysis Guidelines complete the EBA's ESG risk framework - and land last in a sequence that is already binding.



How we help: one service for each building block the Guidelines require

Each service responds to a specific section of the Guidelines - the work starts from the text of the requirement, not from a blank page.

Transmission-channel & materiality mapping

Micro and macro channels identified per portfolio, linked to the materiality assessment under the ESG management GLs.

Scenario design & customisation

NGFS, IEA and JRC scenarios selected, adapted to your portfolio and made internally consistent - documented end-to-end.

Stress-test model gap analysis & overhaul

The in-depth overhaul the EBA asks for instead of ad-hoc patches: sector and geolocation dimensions, exposure-level shocks, credit risk first.

Resilience analysis & 10-year projections

Reference and alternative scenarios, risk-adjusted profitability per activity, constrained dynamic portfolio - aligned with your transition plan.

ICAAP / ILAAP & IRB integration

Stress-test results wired into capital and liquidity adequacy; Art. 177(2a) compliance for IRB credit-risk stress testing.

Governance, narrative & documentation

A single senior-management-endorsed narrative used consistently across the organisation - with the documentation trail supervisors will ask for.

Ready before 1 January 2027? Let's start with a readiness assessment against the Guidelines.

Grant Thornton: Genuine response to your challenges

Executing complex and technical advanced projects in the current constantly evolving environment includes many challenges as well as opportunities. Our team of experts will provide you with a tailored, flexible solution and the expertise you require at competitive rates. We summarise below how we can meet your criteria and key areas of focus:



Our Experience and Capabilities

- **Industry knowledge** which leads to deep understanding of the risks and opportunities associated with the project. We understand the banking market and the challenges faced by the entities in this sector. We will bring this learning to **help benchmark your procedures against good industry practice and the expectations of all stakeholders** (shareholders, customers, staff, agents and society).
- We have significant experience of working with all major financial institutions, including undertaking and overseeing a wide range of regulatory, risk and governance reviews.
- **Pool of more 200 dedicated executives in the Financial Services** with unique set of skills, experienced in handling complex projects and delivering high-quality results and **a team of 150+ experts**, with extensive experience spanning a diverse range of **technology domains**.



Our People

- **Unparalleled experience** of our **Leadership team**.
- **Our people are open, flexible and easy to work with**. We work through the issues together, not alongside you.
- **Our collaborative style enables** us to assemble teams with a broader perspective – working across service lines and diverse industry teams to tailor our capabilities for you.
- Our team will provide guidance at each step of the project, notifying the risks and ways to overcome them.
- Our **global network** of International Business Centers (IBCs) and country desks are in place to coordinate international work and to effectively provide inside and any possible help that your project requires.



Proven track record

- **We have an extensive track record** of supporting financial institutions in advisory services.
- Specifically, we have successfully completed many similar projects across a range of financial institutions of important size and complexity.
- Unique combination of Senior **Banking Experts** along with advisors & **Technology experts**.



Our approach

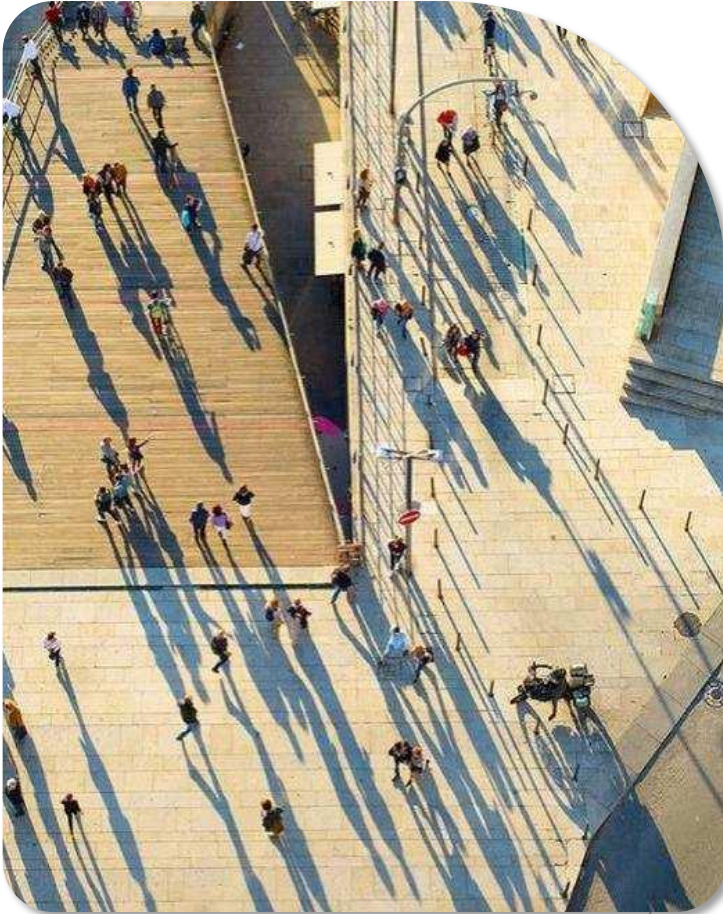
- **Hands on approach, by our dedicated teams**, to ensure proper and timely execution of the agreed time-plan.
- **We invest the time to truly understand your business**, giving real insight and a fresh perspective to keep your moving. We are agile with shorter decision-making chains and empowered teams; so, you get the outcomes you need when speed matters.
- **Put simply, our teams add value**. We like to bring ideas to the table, going beyond the technical issues to recommend ways to make your business better.
- **Focus on pragmatic solutions** to help you improve and bypass any obstacles.
- **We joint forces** to provide the best possible services to our clients. **Collaboration is a key element of our value chain**.



We are committed to provide the highest standard of services at a competitive fee with a view to establish a long-term relationship and help the bank to navigate through the challenging environment.

Financial Services Department

Financial services organizations operate under an intensively dynamic and heavily regulated environment where changes and challenges are constants.



Grant Thornton is committed to providing clients with value-added, forward-looking advice. To enhance this approach, we have established a dedicated **Financial Services Department** that integrates expertise from our **Assurance, Advisory, and Tax Business Lines**. This department is composed of experienced professionals specializing in services for dynamic organizations in the financial sector. Through a comprehensive range of integrated solutions, we identify client needs and adopt a collaborative approach to deliver flexible, effective solutions that can be implemented immediately.

We do not stop designing new services and enhancing existing ones adapting to the challenging environment. Our key industry specific solutions can be summarized in the following groups of services:

- Financial Advisory
- Portfolio Services
- Risk Services
- Operational Advisory
- Internal Audit & Compliance
- Audit & Assurance
- Tax & Outsourcing Services
- Environmental, Social and Governance (ESG)

Why Grant Thornton?

Grant Thornton aims to turn uncertainty into clarity for global banks. With fresh thinking, deep expertise and a global team dedicated to you, we can offer the guidance you need to thrive in complex times.



Global banking expertise

We are a truly global network, with multiple international solutions, immense industry knowledge and deep understanding of global regulations. Our audit heritage means we have banking relationships around the world to deliver exceptional service.



Agility and flexibility

We are known for our execution excellence and results-driven programme management. Count on our harmonised services, agile network, reliable business model and robust back-up system.



Innovative thinkers

We listen to your unique challenges and offer fresh ideas that solve them. A flexible fee structure means you get the best solution at the best value. We also convene a global banking steering committee to you always get cutting-edge insights.



Collaborative approach

We are trusted by global banks for our personalized services and dedicated client teams that deliver when you need it even at short notice. The result is a pragmatic approach that helps tackle change management complexities head on.

Go beyond with Grant Thornton



100%

of FTSE 100 banking companies are clients of Grant Thornton member firms



93%

Of Forbes 100 banking companies are clients of Grant Thornton member firms

The world's leading companies choose Grant Thornton to help realise their ambitions.

With **76,000 people** in **150 markets**, our network combines global scale and capability with local insights and understanding.

That means we can help you prosper across borders with our unique combination of expertise and collaboration.

A dynamic team committed to drive you forward

We have the expertise, the experience and the in-depth knowledge of the challenges that companies face today. Our approach is based on finding reliable alternative solutions and offering high value-added services.



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